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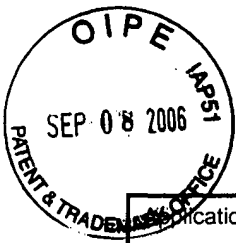
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<b>TRANSMITTAL FORM</b>  (to be used for all correspondence after initial filing)	Application Number	10/709,329-Conf. #3328
	Filing Date	July 15, 2004
	First Named Inventor	Earl Rotman
	Art Unit	3628
	Examiner Name	N. B. Nguyen
Total Number of Pages in This Submission	Attorney Docket Number	20107/1200838-US1

ENCLOSURES (Check all that apply)		
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SIGNATURE OF APPLICANT, ATTORNEY, OR AGENT			
Firm Name	DARBY & DARBY P.C.		
Signature			
Printed name	Richard J. Katz		
Date	September 8, 2006	Reg. No.	47,698





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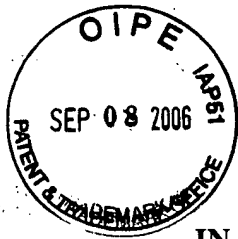
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Appellants' Brief on Appeal (27 pages, 3 copies)  
Response to the Notice of Non-Compliant Appeal Brief (2 pages)  
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File No. 20107/1200838-US1

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

In re Patent Application of:  
Earl ROTMAN et al.\

Application No.: 10/709,329

Confirmation No.: 3328

Filed: April 28, 2004

Art Unit: 3628

For: SYSTEM AND METHOD FOR CREATING  
TRADEABLE FINANCIAL UNITS

Examiner: Nga B. Nguyen

MS Appeal Brief - Patents  
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P.O. Box 1450  
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**RESPONSE TO THE NOTICE OF NON-COMPLIANT APPEAL BRIEF**

Sir:

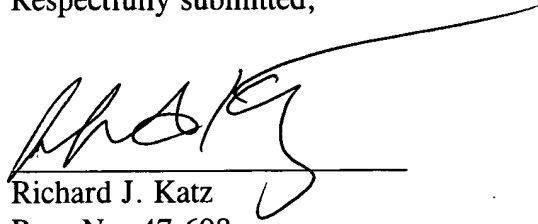
Responsive to the Notice mailed August 8, 2006, entry of the Amended Appeal Brief submitted concurrently herewith is respectfully requested.

The Notice indicates that the Appeal Brief filed June 30, 2006 is non-compliant for not containing items required by 37 C.F.R. § 41.37(c). In particular, the Notice indicates that the Summary of Claimed Subject Matter did not contain a concise explanation of each independent claim involved in the appeal, and that the argument for the second ground of rejection did not state the correct claims.

Applicants submit that the Amended Appeal Brief, submitted herewith, is fully complaint with the requirements of 37 C.F.R. § 41.37. Each and every point raised in the Notice of Non-Compliant Appeal Brief, has been addressed in this Amended Appeal Brief.

This response to the Notice of Non-Complaint Appeal Brief, and the Amended Appeal Brief, concurrently submitted herewith, should be considered because they are both being filed within thirty days of the mailing of the Notice and, thus, no fee is due. However, the Commissioner is hereby authorized to charge any fees deemed required in connection with this submittal to Deposit Account No. 04-0100.

Respectfully submitted,



Richard J. Katz  
Reg. No. 47,698  
Attorney for Applicants

Dated: September 8, 2006

DARBY & DARBY, . P.C.  
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Dated: \_\_\_\_\_

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

Confirmation No. 3328

Group Art Unit: 3628

Examiner: Nga B. Nguyen

**APPELLANTS' BRIEF ON APPEAL UNDER 37 C.F.R. § 41.37**

Dear Sir:

In accordance with the Pre-Appeal Brief Conference Program, “the period of time for filing the appeal brief will be the later of the two-month period set in 37 C.F.R. § 41.37(a) or one month from the mail date of the decision on the request.” *See* USPTO OG Notice: July 13, 2005. Therefore, Appellants submit that this Appeal Brief is timely filed, and requires no extension of time fees. However, the Commissioner is hereby authorized to charge any unpaid fees deemed

required in connection with this Appeal Brief, or to credit any overpayment, to Deposit Account No. 04-0100.

In accordance with 37 C.F.R. §§ 41.31 and 41.37, this brief follows the August 11, 2005 filing of a Notice of Appeal and payment of the required fee. This brief is in support of said Notice of Appeal.

#### I. REAL PARTY IN INTEREST

The real party in interest for this appeal is CIBC World Markets Corp. The inventors have assigned their rights in and to this application to CIBC World Markets Corp., such assignment having been duly recorded.

#### II. RELATED APPEALS AND INTERFERENCES

To appellants' knowledge, there are no other appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in this appeal.

#### III. STATUS OF CLAIMS

Claims 1-74 are pending in the application.

This appeal is in respect of the rejection of claims 1-74.

The claims are reproduced in the **Claims Appendix**. The current status of the application's claims is as follows:

1. Claims canceled: none;
2. Claims withdrawn from consideration but not canceled: none;
3. Claims pending: 1-74;













Advertisement by the American Stock Exchange, Barron's, December 8, 2003, page 6 (commenting on a commercial implementation of a claimed embodiment) (cited to the Examiner in an Information Disclosure Statement submitted July 15, 2004).)

Moreover, the equity and subordinated debt in the tradeable unit are transformed or reduced to a different state or thing when represented by the structure of the claimed article suitable for trade. In the present invention the claimed structure has a separate identity from the underlying equity and debt. As recited in the Specification page 13, lines 10-22, that separate identity is given as distinct uniquely identifying references, for example a CUSIP number. Further, Standard & Poors ("S&P"), a rating agency known for its expertise in evaluating and analyzing financially related subject matter, stated that:

"Essentially, the debt and equity replaced by [the claimed article], is not equal to the debt and equity that make up the [claimed article] . . . ."

(*S&P says Income Securities Hurt Credit Quality*, Liz Rappaport, Dow Jones Newswire, April 28, 2004.) This article was cited by Applicants to the Examiner in an Information Disclosure Statement submitted July 15, 2004. Unequivocally, S&P concludes that the claimed unit is not simply an aggregation of equity and debt. Rather, S&P concludes the claimed unit necessarily is a transformation of the component parts.

The claimed article has been approved by the U.S. Securities and Exchange Commission and is actually traded on the American Stock Exchange under the symbol "CVP." Thus, the transformation of equity and subordinated debt as represented by the tradeable unit results in a claimed article which is "accepted and relied on by regulatory authorities and in subsequent trades." *State Street Bank & Trust Co. v. Signature Financial*, 149 F.3d 1368, 1373 (Fed. Cir. 1998).

For the foregoing reasons, the article claims in this first group not only have demonstrated practical application in the relevant art, but satisfy the Federal Circuit's decisional law as to what constitutes statutory subject matter in reciting an article having a useful concrete, and tangible result. The Examiner has erred in rejecting this group of claims under § 101.



[T]he transformation of data, representing [equity and subordinated debt], by a machine through a series of mathematical calculations into a [tradeable unit], constitutes a practical application of a mathematical algorithm, formula, or calculation because it produces “a useful, concrete and tangible result” — a final [unit] price momentarily fixed for recording and reporting purposes and even accepted and relied upon by regulatory authorities and in subsequent trades [i.e., purchase and sale].

*State Street Bank & Trust Co. v. Signature Financial*, 149 F.3d 1368, 1373 (Fed. Cir. 1998), which is cited with approval by the MPEP Guidelines

Using claim 19 as an example with respect to the process claims of the application, it is clear that it produces a useful, concrete and tangible result, i.e., “offering the unit for purchase and sale.” If anything, this result is more useful, concrete and tangible than the final share price of *State Street*, because it calls for the actual trading of the share. The result of claim 23 is “offering the second unit for purchase and sale.” Claim 28 results in “effecting the transfer of ownership of at least one of the equity and debt.” Further, it is clear that at least a portion of the invention is carried out in a computer. *See*, Specification page 4, line 11 (software reference); Specification page 14, lines 9-15 (electronic files, a computer database and electronic book-entry changes).

The Examiner contends that patent protection is limited “to inventions that posses[] a certain level of ‘real world’ value, as opposed to subject matter that represents nothing more than an idea or concept, or is simply a starting point for future investigation.” Appellants agree, and submit that the claimed methods have a “real world” value.<sup>1</sup> The claimed methods are more than an idea or concept and are not simply a starting point for future investigations. These methods, as demonstrated above, transform or reduce equity and debt into a different capital structure. This capital structure is a unit suitable for trade, and in fact exists and is traded in the marketplace.

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<sup>1</sup> Appellants respectfully note that the U.S. Patent and Trademark Office should take Official Notice of its own actions with respect to method claims in the financial sector. In a June 21, 2006 announcement on its website, the U.S. Patent and Trademark Office provided a Listing of US Patent Grant and US Pre-Grant Publication Documents Classified in US Patent Classification 705/36T. This new classification contains patents directed to Tax Strategies, with a result that has no physical matter produced.

For all of the reasons set forth above, the rejections of claims 1-74 should be reversed. Appellants respectfully request that the application be remanded to the Primary Examiner with an instruction to withdraw the 35 U.S.C. § 101 rejection. Because all prior art rejections made by the Examiner have been overcome by the Appellants and withdrawn by the Examiner, Appellants respectfully request that the Primary Examiner also be instructed to pass the case to allowance.

Respectfully submitted,

Dated: September 8, 2006

By 

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Registration No.: 47,698

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## APPENDIXES





7. (Previously Presented) An article suitable for trade as a unit in a subsequent offering, comprising:

one or more equity shares in a company which is capable of paying dividends;

a first debt of the company which is interest bearing at a particular rate until a particular maturity date;

a second debt of the company which is interest bearing at the particular rate until the particular maturity date; and

said first and second debts and the equity shares being represented by the unit in a prescribed way according to a predetermined ratio;

wherein the unit provides direct ownership of said first and second debts and the equity shares.

8. (Original) The article of claim 7, wherein one of the first debt and the second debt is included in the unit at one of a par value, an original issue discount, and an original issue premium.

9. (Original) The article of claim 7, wherein the subsequent offering is for a quantity of units and wherein the second debt has an aggregate principal value within the unit which is in proportion to the quantity of units in the subsequent offering.

10. (Original) The article of claim 7, wherein the first debt and the second debt are represented by a joint identifying reference associated with a sub-unit.

11. (Previously Presented) The article of claim 10, wherein the equity shares and the sub-unit are represented by a second joint identifying reference associated with the unit.

12. (Previously Presented) The article of claim 11, wherein the second joint identifying reference comprises a unique number associated therewith to facilitate clearing and settlement of purchases and sales of the unit.

13. (Original) The article of claim 7, wherein the first and the second debts and the sub-unit each have a respective CUSIP number and wherein the unit has a CUSIP number that is different than said respective CUSIP numbers.

14. (Original) The article of claim 7, wherein the first and second debts each comprise at least one instrument selected from the group consisting of: a note, a bond, a promissory note, an interest bearing obligation, and a debenture; and

wherein the equity shares comprises at least one instrument selected from the group consisting of: common stock, preferred stock, and an ownership interest in the company.

15. (Original) The article of claim 7, wherein the unit provides direct ownership of said equity shares and said debt free of any trust certificate(s).

16. (Original) The article of claim 7, wherein at least one of the first debt and the second debt comprises a subordinated debt.

17. (Original) An article suitable for trade as a unit, comprising:

a quantity of equity shares in a company which is capable of paying dividends;

an amount of debt of the company which is interest bearing at a particular rate until a particular maturity date; and

a software reference associating the quantity of equity shares and the amount of debt to a single, unique number suitable for facilitating the clearing and settlement of any purchases and sales of the unit.

18. (Original) The article of claim 17, wherein the unit provides direct ownership of said equity shares and said debt free of any trust certificate(s).

19. (Previously Presented) A method of establishing an article suitable for trade as a unit in an offering by a company, comprising the steps of:

defining a capital structure for the unit which includes equity shares in the company and debt of the company in a predetermined ratio;

submitting a request to register the equity shares and the debt for the offering by the company;

requesting the association of the registered equity shares and the debt together in a prescribed way according to the predetermined ratio;

depositing the registered debt and equity shares together under a single, unique number suitable for facilitating the clearing and settlement of any purchases and sales of the unit; and

offering the unit for purchase and sale.

20. (Original) The method of claim 19, wherein the offering step comprises a public offering.

21. (Original) The method of claim 19, wherein the equity shares are capable of paying dividends, and wherein the debt is interest bearing at a particular rate until a particular maturity date.

22. (Original) The method of claim 19, wherein the offering is made free of any trust certificate(s).



25. (Original) The method of claim 23, wherein the offering step comprises a public offering.

26. (Original) The method of claim 23, wherein the first number and the second number are the same unique number.

27. (Original) The method of claim 23, wherein the subsequent offering is made free of any trust certificate(s).

28. (Original) A method of marketing constituent components of an article that is traded as a unit, comprising the steps of:

obtaining dominion over the unit from a holder of the unit, wherein a unique identifying reference number is associated with the unit which jointly represents equity and debt of the company as its constituent components;

separating the unit into the constituent components of equity and debt; and

effecting the transfer of ownership of at least one of the equity and debt.

29. (Previously Presented) The method of claim 28, wherein the debt is a subordinated debt.

30. (Original) An article suitable for trade as a unit, useful in a subsequent offering by a company, comprising:

a quantity of equity shares in the company which is capable of paying dividends;

a first amount of debt of the company which is interest bearing at a particular rate until a particular maturity date;

a second amount of debt of the company which is interest bearing at the particular rate until the particular maturity date;

















67. (Previously Presented) The method of claim 63, wherein the debt is interest bearing at a particular rate until a particular maturity date.

68. (Previously Presented) The method of claim 63, wherein the equity is designed to pay dividends.

69. (Previously Presented) The method of claim 63, further including the step of depositing the debt and equity together with a clearinghouse.

70. (Previously Presented) The method of claim 63, wherein the offering is made free of any trust certificates.

71. (Previously Presented) The method of claim 63, wherein the offering step comprises a public offering.

72. (Previously Presented) The method of claim 63, wherein the debt is a subordinated debt.

73. (Previously Presented) The article of claim 1, wherein the unit is a certificate representing the direct ownership.

74. (Previously Presented) The article of claim 1, wherein the unit is an electronic book-entry stored in a database record.



**RELATED PROCEEDINGS APPENDIX**

There are no related proceedings for this matter.